

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2664
ANSWERED ON:17.03.2006
RECOVERY OF LOAN
Ananth Kumar Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been increase in the cases of suicide committed by families due to the severity of the recovery steps adopted by private / foreign banks and financial institutions Ws&S coun`ry during last three years;
- (b) if`o, the details thereof alongwith the action taken or proposed to be taken by the Government to avoid such incidents;
- (c) whether any instance has come to the notice of the Government wherein financial institutions have been found pressurising the dependents of loanees who succumbed in accidents; and
- (d) if so, the details thereof alongwith the measures taken in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) Reserve Bank of India has come to know of two media reports alleging that the borrowers committed suicide due to the alleged harassment and humiliation by recovery agents of private sector banks. In both the cases, the concerned police authorities are investigating the matter. The Indian Banks` Association has formulated a `Model Code for collection of dues and repossession of security` and `Fair Practice Code for credit card operations` which has been recommended to banks for adoption and implementation. RBI has also formulated the `Fair Practices Code for Lenders`. The above guidelines, inter-alia, stipulate that in the matter of recovery of loans, the lenders should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc. RBI has also issued guidelines on 21.11.2005 for Credit Card Operations, which provide that the Banks / NBFCs and their agents should not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude the privacy of the credit card holders` family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.

- (c) No such instance has come to the notice of the Government.
- (d) Does not arise.